

Hillel wants committee heads chosen quickly

By ARYEH RUBINSTEIN
Post Knesset Reporter

Knesset Speaker Shlomo Hillel yesterday urged the four deputy speakers to use their influence in their respective factions to act quickly on the appointment of committee chairmen.

Speaking at the first meeting of the Knesset Presidium, Hillel said that it was high time that the committees got down to work and that their failure to do so is extremely damaging to the Knesset's image.

The election of committee chairmen is being delayed by the Likud's backing down from an agreement with the Alignment giving the latter the chairmanship of the Economic Committee.

Instead, the Likud is prepared to give the Alignment the chair-

manship of the Aliya and Absorption Committee, which it had originally reserved for Tehiya - this, in order to "sacrifice" Geula Cohen, as one MK put it.

The four deputy speakers are Aharon Nahmias and Dov Ben-Meir of the Alignment, and Eliezer Shostak and Meir Cohen-Avidov of the Likud.

Hillel also informed them of his decision to cut the Knesset budget by 2 per cent by reducing the size of Knesset delegations going abroad, doing away with overtime pay for Knesset staff at special events, trimming purchases, and suspending work on the projected annex to the Knesset building that would provide members with office space.

The Presidium decided to set up a committee to consider further cuts in the Knesset budget.

Barak begins secrecy review on Jewish terror evidence

Jerusalem Post Reporter

Supreme Court Justice Aharon Barak yesterday began to review all of the material gathered by the General Security Services in their surveillance and investigation of the alleged Jewish terrorist underground that has been declared secret by a Defence Ministry order.

Barak's review is being conducted behind closed doors. It follows a ruling by the High Court of Justice last week in which the Court President Justice Meir Shamgar stressed that such a review must take into account the defence counsel's suspicions that the sweeping nature of the

defence minister's ban demonstrated a lack of good faith.

Also in accordance with Shamgar's ruling, a GSS legal adviser and the agent who headed the investigation were in court to give an undertaking that there was no material affected by the ban other than that which was to be presented for Barak's review.

Journalists were asked to leave the courtroom before the proceedings began yesterday. Even the defence counsel, Advocate Dan Avitzyk, had to leave after he presented his initial arguments.

Unemployed Jews refuse manual jobs

By AARON SITTNER

Despite reports that pockets of unemployment are developing in various parts of the country, the Haredi-Samaritan labour exchange cannot find enough applicants to fill employers' requests, the State Employment Service said yesterday.

It said the director of the exchange, Avraham Bechar, has had to make special recruitment trips to the Samaritan and local Arab village to find the 5,000 hands urgently needed by metalworking, food, wood products and produce-processing and packing plants applying to his office for workers.

Bechar told his superiors that "no

amount of Zionist rhetoric" can convince Jewish job seekers to take manual-labour jobs when unemployment-insurance payments are at about the same level as wages employers are offering for beginning workers.

"I have seen youths driving up to our exchange in 1984 model automobiles and driving away disappointed because they are not offered higher wages," Bechar said. "It seems that a time-honoured tradition has disappeared from our national psyche: the practice of accepting any type of work offered, as long as it meant not having to apply for unemployment insurance."

Fisherman burned by freak fireball

Jerusalem Post Reporter

HAIFA - A fisherman emerged, but alive when a freak "fireball" engulfed his small craft about a kilometre northeast of the entrance to Haifa port on Monday night, the police reported.

The heat from his boat's two big searchlights is believed to have ignited a cloud of gas that had seeped out of a passing tanker loaded with chemicals.

The fireball, which blazed up and

just as quickly died away, was spotted by the coastal police, who sent two of their boats racing to the scene.

According to police, they located the seven-metre-long fishing boat by the cries of its passengers. The spokesman said the fisherman, 57-year-old Haim Tamam of Acre, was burned from the waist up.

He was taken to Rambam Hospital's plastic-surgery ward.

Arik Einstein sues insurance company

TEL AVIV (Itim). - Singer Arik Einstein has sued the Hadar Insurance company for damages following a near-fatal auto accident he and the woman he lives with were injured in two years ago. The woman, Sima Eliahu, is suing the company separately. Both suits have been filed in the Tel Aviv District Court.

On his suit for IS\$ 7 million, Einstein says he suffered a concussion, broken ribs and neck bones, and hemorrhages after the August 1982 accident, and was forced to stop

working for a long recovery period. Doctors have determined that he is permanently disabled at 45 per cent. Einstein was at the time of the accident the sole supporter of his ex-wife and three children, one of which Eliahu bore him. The last was seven months old when the accident took place.

Eliahu, an actress who also had to stop working for some time after the accident, is suing for IS\$ 3m.

The insurance company has yet to present its defence in the two cases.

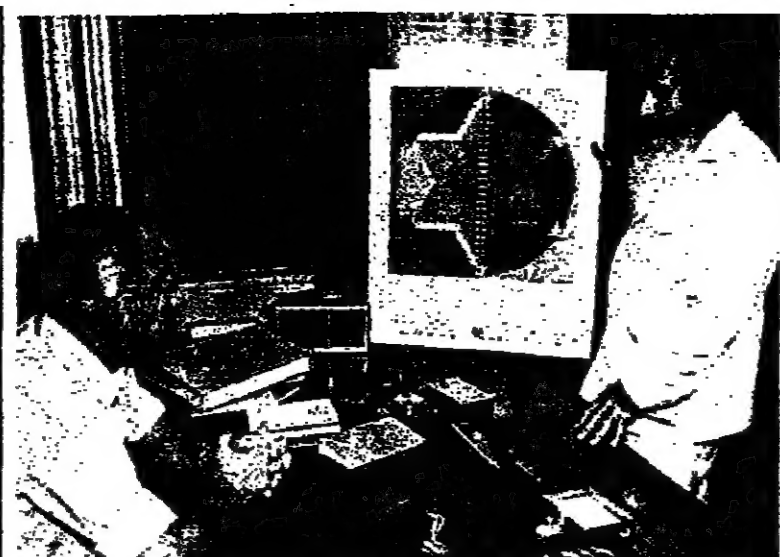
Arab conference in London stirs dispute

LONDON. - The Greater London Council is funding a conference to be held later this month by the Palestine Solidarity Campaign on the theme of "Anti-Arab Racism, Cause and Effect." The Jewish community has launched its own campaign to get the conference stopped on the grounds that it is "a political propaganda exercise aimed at Israel, Zionists and the Anglo-Jewish community."

The conference is part of the Greater London Council's Anti-Racist Year. Outlining its aims, the

organizers speak of "the racism of the Zionist movement" which affects Arabs in London and the Middle East. The agenda includes such subjects as "Israel's abuse of human rights" and "Israel's links with South Africa and Central America."

Martin Savitt, a vice-president of the Board of Deputies of British Jews, which is spearheading the



Artist Ya'acov Agam yesterday presents Prime Minister Shimon Peres with an "Agam-style" Star of David captioned, "And I shall cause them to be of one heart" (Ezekiel 11:19 and Jeremiah 32:39), echoing a wish Peres wrote on a note he stuffed in a crevice in the Western Wall right after President Herzog called on him to form a government. Agam showed the prime minister some of his recent works, whose theme is hope and national unity. (Yitzhak Harari)

Pilots want flight regulations enforced

By MICHAEL YUDELMAN

TEL AVIV. - Airline pilots yesterday launched a campaign to force airlines to comply with changes in flight regulations adopted by the Civil Aviation Board.

Branding the flight regulations enforced by El Al, Maof and Arkia as "slavery," Pilots Union Chairman Yitzhak Gonen said that the Israeli airlines' regulations endanger passengers and are comparable only to those in force in Ethiopia.

According to the changes in the CAB regulations formulated about 18 months ago, pilots must fly fewer hours at night, jet-lag must be taken into consideration, and proper resting conditions for an additional pilot

must be provided.

For the past two years the airlines have been overworking pilots to the point of endangering their passengers, he said.

Gonen said the pilots will take any legal measure possible to get the airlines to accept the CAB's modifications.

El Al spokesman Nahman Kleinman said yesterday that for the past 18 months the airline has been strictly implementing flight regulations based on the rules of the International Civil Aviation Organization and the International Federation of Pilots. There have been no problems with these regulations, he said.

Rabin picks kibbutznik as his new assistant

Jerusalem Post Staff

Defence Minister Yitzhak Rabin yesterday appointed Zvi Ben-Moshe to be his assistant. Ben-Moshe, a 39-year-old member of kibbutz Nevech Ur, will be responsible for civilian areas of the defence establishment, the Defence Ministry spokesman said yesterday.

Ben-Moshe replaces Ran Yagnes, who was appointed by former defence minister Moshe Arens. The ministry spokesman said that when Rabin took over as defence minister, he asked Yagnes to stay on, but Yagnes had decided to return to his private law practice.

Woman fined IS15,000 for making 'fig' at judge

NETANYA (Itim). - A local woman who directed an obscene gesture at a judge a year ago was fined IS15,000 by the Netanya Magistrate Court yesterday. Avigail Mordechaiov, 54, made a "fig" with her fingers at Judge Mordechai Belzer during a civil hearing.

She was charged with obscene, unruly behaviour, and in addition to the fine had to give a year's guarantee for IS30,000, index-linked, that she would not repeat the offence.

Soldier on joy-ride causes security alert

ABU SINAN (Itim). - A soldier rode through the streets of this Galilee village early yesterday morning firing bursts from his Galil rifle and causing a security alert among security forces, who thought a terrorist attack was taking place. Border Police forces who came to the village later arrested the soldier and three friends of his who had taken a tractor for the early-morning joy ride.

Nablus prisoners fail in High Court bid

The Jerusalem police yesterday arrested 13 demonstrators protesting against allegedly improper conditions in the main West Bank jail for security prisoners. Meanwhile, the High Court of Justice rejected a related request for an injunction against the police minister.

The 13 demonstrators, including four women, were arrested when they tried to march the half-block from the International Red Cross offices, where they have been holding a sit-in, to the U.S. consulate in Nablus Road. The protesters ignored orders by the police to stop the march and at that point the

By ROBERT ROSENBERG

police made the arrests, using minimal force.

At about the same time, the High Court was announcing its rejection of advocate Lea Tzmel's appeal on behalf of eight security prisoners. The appeal asked that the Prisons Service and Police Ministry not use force to break a hunger strike of the prisoners to protest against conditions in jail.

Police Minister Haim Bar-Lev, as reported yesterday, visited the jail on Monday and came away describing almost all the demands by the

prisoners as "political." But he agreed that there were some legitimate complaints regarding overcrowding and visiting rights.

According to Prisons Service sources, the jail authorities will make some improvements if the partial hunger strike is ended.

There was no word yesterday on whether the strike was to be called off, but Police Ministry sources said that at the end of Bar-Lev's meeting with the prisoners on Monday, he shook hands with one of their leaders and seemed to have got a promise for a speedy end to the strike.

Galilee contains fewer Jews than non-Jews

For the first time since the state was proclaimed in 1948, an entire statutory district - Galilee - has more non-Jews than Jews.

This development, uncovered during a routine computer sweep of data in last year's Census of Population and Housing, is considered startling by demographers. Though a dense Jewish population has never been a feature of the Galilee's social profile, the numerical scales have always tipped in favour of the Jews. This is no longer so.

The country is divided into six statutory districts: Jerusalem, Northern, Haifa, Central, Tel Aviv and Southern. Galilee is the Northern District and its boundaries are the Lebanese border to the north, the Syrian border and the Yarmuk-Jordan River line on the east and a winding line on the south. This line, which skirts Haifa, meanders from

By AARON SITTNER

Acre to Shfaram, then south around Yokne'am and then eastward towards the Jordan River without touching Umm al-Fahm or Jenin.

The excess of non-Jews over Jews in Galilee has arisen although the district contains such established Jewish population centres as Nabariya, Safad, Tiberias and the smaller cities and towns in the Beit She'an and Jezre'el Valleys.

"We were surprised to learn of this demographic shift," David Neumann, spokesman for the Central Bureau of Statistics, told *The Jerusalem Post* yesterday. "True, Acre has always been two thirds Arab, just like the Golan is today. But as a whole, the Northern District has always had a Jewish majority."

Asked what the causes of the change could be, Neumann replied:

"It's a combination of the non-Jews' superiority in natural rate of increase (the surplus of births over deaths) and the superiority of Jews in outward internal migration - in other words, substantial numbers of Jewish families have been leaving Galilee."

Judging from population figures maintained by the statistics bureau, factors other than Katyusha rocket attacks from across the Lebanese border were behind the migration from Galilee. For example, the population of Kiryat Shmona - the Israeli population centre most vulnerable to the attacks - has been a stable 16,000 over the years.

One statistician who has studied the change in Galilee's population make-up noted that "the new situation provides an Arab territorial contiguity from South Lebanon, through Galilee to Samaria and Judea."

Prisoner of Zion's suffering causes mother's death

Jerusalem Post Staff

The mother of Prisoner of Zion Zachar Sonnenschein had a heart attack and died immediately after hearing from her husband that their son was in poor health and had lost 20 kilograms in the last three months, the Public Council for Soviet Jewry said yesterday.

Sonnenschein's father, Michael,

was told by the commander of the Soviet labour camp in which Sonnenschein is imprisoned that he would continue to suffer as long as he continued his "Zionist ways." The commander also hinted that Sonnenschein might be sent to work in the tin mines, work known to be extremely dangerous, particularly to prisoners who do not have full

medical protection.

When Michael Sonnenschein called his wife and told her what the commander had said, she suffered a heart attack and died.

Sonnenschein applied for repatriation to Israel in 1980. Last July he was sentenced to three years in a labour camp for "anti-Soviet propaganda."

Two Haredi men held for burning shop in Geula neighbourhood

The Jerusalem police have arrested two young Haredi (ultra-Orthodox) men for setting fire to a clothing shop in Geula belonging to owners of the hamam (Turkish bath) on Rehov Yehzekel.

The store was set alight early yesterday morning and its window front was damaged.

Other property belonging to the owners of the hamam, Margalit and Aharon Kovshi, has been sabotaged

before, and the clothing shop was set alight just a few months ago.

Haredi circles have been demanding that the baths be closed because, they say, it is "a den of lewd acts." (Itim)

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Cosmonauts return from longest flight

MOSCOW. — The three Soviet cosmonauts who made history's longest space flight returned safely to earth yesterday after almost eight months aboard the orbiting space station Salyut-7. The official news agency Tass said commander Leonid Kizim, engineer Vladimir Solov'yev and researcher Oleg Atkov touched down in their Soyuz T-11 re-entry craft in the central Asian republic of Kazakhstan.

"A medical checkup carried out on touchdown showed that the cosmonauts got on well during the lengthy stay in zero gravity," Tass said. The Salyut-7 space station they left early yesterday is continuing its flight "in the automatic mode," Tass said.

Yesterday marked the Cosmonauts' 238th day in space, but Tass said the new endurance record was only 237 days because the crew was launched at 3:07 p.m. Moscow time

February 8, meaning the men spent 237 full days in space.

The news agency heralded the new record as an "outstanding achievement of Soviet space science" and said it was "a fitting gift for the 40th anniversary of the Soviet people's victory in the Great Patriotic War."

The men had a busy 34 weeks in space. Several unmanned cargo craft were sent up with fresh supplies and mail.

Two crews visited them, one with India's first man in space, Rakesh Sharma, and the other with Svetlana

Savitskaya, who made the first spacewalk by a woman.

Kizim and Solov'yev made a record six spacewalks, spending a total of 22 hours outside the station while isolating and repairing a leaking fuel pipe.

As the crew approached the endurance record set by a previous Salyut team in 1982, Soviet media made clear the cosmonauts were tired and would return soon.

On the strength of the observations by Atkov, a physician, mission control cut the crew's working day by one hour. (AP, Reuters)

FBI arrests East German woman as Soviet spy

WASHINGTON (Reuters). — An East German woman has been arrested on charges of spying for the Soviet Union, the FBI said yesterday.

Alice Michelson, 67, was arrested last night at New York's Kennedy International Airport on charges of violating U.S. espionage laws, the FBI said.



Raymond Donovan

U.S. secretary of labour faces fraud, larceny charges

NEW YORK (Reuters). — President Reagan's secretary of labour, Raymond Donovan, surrendered yesterday to face charges of fraud and grand larceny and described the accusations against him as "a political hatchet job."

Donovan and seven others were indicted on Monday by a New York City grand jury on criminal charges connected with a New Jersey construction company he co-founded.

On Monday night he began a leave of absence from his cabinet post, saying he did not want the accusations against him to "reflect negatively" on Reagan just five weeks before the presidential election.

He said the 137-count indictment against him and seven executives of the Schiavone Construction Company was "not worth the paper they are printed on."

As he walked into the Bronx

County courthouse yesterday, a reporter shouted to him: "Are you innocent?" Donovan replied: "You bet your life I am."

Donovan and the Schiavone executives were then taken to be fingerprinted and photographed before being arraigned.

The grand jury will decide if there are grounds to send Donovan and the others for trial.

The indictments stem from a probe by Bronx District Attorney Mario Merola into a Manhattan subway project that Schiavone, one of the largest construction companies in the northeast U.S., was building on Manhattan's East Side in 1979 and 1980.

Merola's investigation centred on allegations that Schiavone deliberately overstated the amount of work being done on the \$86 million project.

4 blacks die as S. African riots resume

JOHANNESBURG (AP). — Four blacks were killed yesterday as violence flared again in South Africa's black townships after two weeks of relative calm, police reported. A crowd of about 300 blacks attacked a delivery van in KwaThema, a township east of Johannesburg, and the vehicle swerved out of control, killing three blacks and seriously injuring six, according to police headquarters in Pretoria.

In Soweto, the huge black township south-west of Johannesburg, a crowd of about 100 youths pelted a private home with stones and battered the owner to death, police said. No further details were available.

Police reported sporadic incidents of stone-throwing in several other black townships, and said police used tear-gas and rubber bullets in some places to break up crowds of youths.

The recent wave of rioting, South Africa's worst in eight years, began on August 31 with protests against rent increases and inferior schooling for the nation's voteless black majority of 22 million.

At least 64 blacks have been killed in the unrest, according to police and church figures.

More than 100,000 students refused to attend classes yesterday as a school boycott spread.



Robert Hawke



Andrew Peacock

Hawke nips back at Peacock in Australia's verbal battle

SYDNEY (Reuters). — Australian Prime Minister Bob Hawke savagely hit back at opposition leader Andrew Peacock in parliament yesterday over his allegations that Hawke was a "little crook" who took orders from criminals.

The premier is expected to announce before the end of next week a general election date either in late November or early December.

Meanwhile, Hawke successfully moved a censure motion against Peacock for what he said was his hypocrisy and dishonesty in failing to substantiate his allegations.

Hawke, who wept at a news conference last month, called over the opposition leader's allegations that he had failed to fight organized crime, challenged Peacock to substantiate his "wild, reckless and baseless" allegations.

Peacock's 45-minute reply did not

contain the new evidence many political commentators expected him to produce to back up his allegations that Hawke mixed with criminals and took orders from them.

But he described the new national crime authority set up after Labour abandoned a royal commission on crime as a "toothless tiger" and said Hawke had wound up the official inquiry to stop its queries into drug trafficking and other major crime.

Peacock, whose opposition coalition is running well behind Labour in opinion polls, has sought to make a major election issue of the government's record on organized crime.

Hawke, whose wife has attributed his breakdown at the news conference to their daughter Rosslyn's heroin addiction, said later that organized crime would be an election issue but not in the way Peacock had wanted.

40 Afghan soldiers reported killed in battle in Kabul

ISLAMABAD (Reuters). — Up to 50 Afghan soldiers were reported killed in Kabul in a battle with anti-Communist guerrillas who have been operating in the Afghan capital for more than a month, Western diplomats in Pakistan reported yesterday.

They said a coordinated guerrilla attack on several targets in Kabul on the night of September 24 ended in an intense two-hour battle near the Bahisr fortress in which 40 to 50 Afghan soldiers were killed.

The diplomats also reported

nightly guerrilla rocket attacks on selected targets in Kabul, which had provoked punitive ground and air operations by Soviet and Afghan forces.

They said more than 200 civilians were reported killed and 170 wounded in a September 17 battle in the central province of Wardak, south of Kabul, after guerrillas attacked a large Soviet and Afghan convoy.

The guerrillas shot down seven helicopters in the battle at Jalezi in the northeast of the province, they quoted witnesses as saying.

Swiss elect first woman cabinet minister

BERNE (Reuters). — Elisabeth Kopp yesterday became Switzerland's first female cabinet minister.

She will succeed Justice Minister Rudolf Friedrich in the seven-member Federal Council, which acts as coalition government and corporate head of state.

Kopp, 47, is mayor of the wealthy bankers' suburb of Zumikon on the outskirts of Zurich.

A member of the Conservative Radical Party, Kopp polled 124 votes ahead of her nearest male challenger, Bruno Humziker, on 95.

Kopp's bid for the cabinet post had come under attack from right-wing politicians who said she was unfit to hold high office because of allegations against her lawyer husband, Hans.

He had been suspended from practising in court for six months in 1972 and was chairman of an investment company that folded amid press criticism two years ago after much speculative buying on the stock market.

The couple have rejected all allegations as baseless.

Sports

Refs strike

By DON COULD

Post Basketball Reporter
TEL AVIV. — There is a clear rule in basketball against striking a referee, but there is no rule that prevents referees from striking. All the referees, who normally handle whistles in the National Basketball League, refused to officiate in the NBL's sixth round matches on Monday night.

But the games went on. The NBL managed to procure the services of referees who normally handle games in the lower leagues. Only one game was postponed — that scheduled to take place on Sunday night, between Galil Haei and Hapoel Haifa.

The argument with the referees is over money and perquisites. Up to this season, National League referees got \$30 per match net, plus transportation costs. At the beginning of this season they asked for more.

Instead of getting a raise, they were offered \$12,500 per match gross, i.e. about half of what they used to get, at yesterday's per-exchange rate. Their request for perquisites — a place to rest before and after games, and the right to hire taxis to games — was turned down.

The referees rejected with indignation the proposal made to them, although they have agreed to meet League officials today to discuss the matter. The weakness of their position is that they do not have a strong and united trade union functioning throughout the leagues, and referees from lower leagues were tempted by the chance offered them to show the quality of their work.

This was adequate in the match between Hapoel Tel Aviv and Hapoel Holon that I saw in the Hapoel stadium. Despite the heat from the shavir and the tension of a cliffhanger that ended 80-78 in Tel Aviv's favour, the referees did manage to control the game.

Holon led for much of the second half as a result of brilliant play by Israeli basketball star, Hapoel Holon's Yehoshua Givon, who scored 22 points. Hapoel's Amos Frishman, who finally finished out of the game, and Holon, exhausted, couldn't hang on.

The big upset of the night took place at the Yehoshua Sports Palace, where Galil Haei beat Hapoel Haifa 82-72. Galil Haei's victory was a surprise over Maccabi Tel Aviv, rapidly taking the measure of his opponent, Hapoel Haifa.

Sparking play by James Terry, who poured in 34 points and pulled down 12 rebounds, was a major factor in his team's 92-82 victory.

Hapoel Tel Aviv play Piramas of Athens tomorrow night in a Korca Cup game in Athens.

Kazankina banned

MOSCOW (Reuters). — The Soviet Athletics Federation said yesterday that it had suspended indefinitely the world's top woman middle-distance runner, Tatyana Kazankina, for refusing a drug test in Paris last month.

The International Amateur Athletic Federation (IAAF) has already suspended Kazankina, a veteran of the Munich and Moscow Olympics, for life, but could review the decision.

The Soviet Federation's president, Levon Sanadze, told Reuters that Kazankina was not fully to blame for the incident but would not be absolved by the State Sports Committee.

"We sent the IAAF a telegram telling them we had suspended Kazankina and asked them to consider the circumstances," he said. "Our representative in Paris stopped Kazankina taking an anti-doping test because the Soviet team had no doctor."

"That representative made a mistake of course because he did not know the latest rules on doping drawn up during the Los Angeles Olympics," Sanadze said. He would not name the official responsible.

Kazankina, 32, holds the world record for 1,500 and 3,000 metres and the world best for 2,000 metres. After her victory in the 5,000 metres at an international meeting in Paris on September 4, she was randomly selected for a test but refused, following advice from the Soviet team leader.

Sanadze said, "Although the official was not fault, we, the Soviet Athletics Federation, do not absolve Kazankina of her guilt because we are obliged to submit to the rules of the IAAF."

The IAAF is part of the State Sports Committee, which is equivalent to a ministry.

He said that, when Kazankina broke two world records this summer in the Soviet Union, she took drug tests which proved clear.

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MY SAFARI JOURNAL

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GILGI HAUSER — KALINA Phone The Jerusalem Post, Tel Aviv, 03-294222, or 03-411773.

Greece to fly U.S. Awac jets

ATHENS (AP). — Greek crews will begin flying American Awacs electronic surveillance aircraft for Nato from a military airport in western Greece next year, a government spokesman said yesterday.

The spokesman said Greek Air Force personnel are already flying training missions on Awacs. "They take off from West Germany and overfly Greece, supplying information to five Greek radar stations," he said.

The decision to operate Awacs from Greece was taken by the previous Conservative government. But Premier Andreas Papandreu's socialist government, which has pledged to close down American military bases in Greece by 1990, decided to go ahead with the plan.

"Greece wants to have the best possible control of its airspace... the missions also serve our national objectives," the spokesman said.

He said Greece did not intend to purchase any of the specially converted Boeing aircraft, which cost more than \$1 billion each, but would operate them in Greek airspace on behalf of Nato.

Soviets develop prototype solar city

MOSCOW (Reuters). — Scientists in Turkmenistan, Soviet central Asia, have built in a desert area the prototype of a solar-powered city that could soon meet the energy needs of the entire region, Tass news agency said yesterday.

The settlement, called Solnechny (sunny), is at a research centre not far from the republic's capital, Ashkhabad.

Solar energy is being used for lighting, heating, air conditioning and pumping water from wells. Many of the devices tested at the centre are already in use in villages and towns throughout Turkmenistan, Tass said.

Scientists in the region, four fifths of which is desert and has on average 240 days of sun annually, have long been trying to tap the potential of solar energy, Tass said.

Bomb causes damage to American company in Brussels

EVERE, Belgium (AP). — A bomb explosion ripped through the ground floor of the subsidiary of a U.S. company here yesterday, causing extensive damage but no injuries, the police said.

In a telephone call to the Belgian news agency Belga, an unknown left-wing group, the "Chosen Communists' Combatants," claimed responsibility for the attack.

The bomb exploded around 3:20 a.m. outside the showrooms of Sweda in Evere, one of Brussels' 19 boroughs. Sweda is a local subsidiary of Litton Business Systems, a U.S. data systems company that often works for the military.

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First U.S.-Israel press conference via satellite

By MACABEE DEAN

TEL AVIV. — The U.S. government's first international press conference via satellite, connecting Washington with its embassy here, will take place this Thursday.

The U.S. Secretary of Agriculture, John Block, will be bombarded with questions on his policy by journalists stationed in Tel Aviv and in four European countries. Although Block's picture will be shown on the screen (four by six feet) at the same time that his voice is heard, only the voices of the journalists will be heard since facilities do not exist to relay both pictures and answers.

The programme is sponsored by the U.S. Information Agency as part of its programme to further the interplay between leading U.S. officials

and interested persons abroad.

The world-wide project was initiated in November 1983, (there was one satellite broadcast from Jerusalem in December 1983) under the name of "Worldnet." So far, the project has two main divisions, one to Europe (with which Israel is affiliated), and the other to South America. The programmes take place about twice a month. No plans have been made to include the Far East due to time differences.

There is a six-hour time lag between the U.S. and Israel. On Thursday, Block will open the press conference at 8.45 a.m. in Washington, when it will be 2.45 p.m. here in Tel Aviv.

The U.S. Information Agency plans to start a similar programme in Arabic for the Arab countries soon.

European ministers seek to solve EC's money crunch

LUXEMBOURG (AP). — West European foreign ministers yesterday launched what officials called a final attempt to mend the European Community's unravelling patchwork of spending rules before the trading bloc runs short of cash later this month.

The ministers were also to attempt to develop a common negotiating position for their stalled talks on bringing Spain and Portugal into the EC by January 1, 1986.

On Monday, finance ministers of the 10 EC nations said they agreed in principle on a complex new system for limiting EC spending. But they did not complete the agreement, partly because of disagreement about whether the system should be legally binding or only an informal guideline.

Some member countries, including Denmark and France, said they feared a fully codified plan would give the EC Council of Ministers too broad powers over spending.

If the plan is made final, it could clear the way for a 1 billion European Currency Unit (\$750 million) cash infusion from the 10 member states to keep the EC operating in the black beyond October. By then the EC is expected to have exhausted its regular budget of 25b. ECUs (\$19b.).

The foreign ministers sought yesterday to finalize the plan and to settle other thorny problems related to the EC's money crunch. The member states agreed in early September to shell out the 1b. ECU in emergency financing, but they made the deal contingent on resolving other related money squabbles.

The main issues are: When to implement a recent decision to increase the member states' contribution to the annual EC budget.

How to respond to Britain's demand for a guarantee that a 1b. ECU refund due next year will be paid.

Share market value unchanged in September

Post Finance Reporter

TEL AVIV. — The latest valuation of the stock market, as of the end of September, shows its total dollar value unchanged compared to the previous month. The Securiteam consultancy firm, in its monthly assessment, finds the market worth \$5.6 billion, unchanged from the end-August figure.

The prices used were those of the last day of September, and the dollar was estimated to be at IS410, since it had not been fixed against the shekel in four days. (In the event, the dollar representative rate was IS408 on Sunday, an insignificant difference.)

The share market thus had a good month, insofar as it was able to keep pace with the devaluation rate of 26 per cent. It will be recalled that the market had a strong patch in the middle of last month, and this was the basis for its relatively good performance.

IBM launches new personal computer

By YITZHAK OKED

TEL AVIV. — Israel's IBM branch yesterday introduced its latest addition in the line of personal computers, the IBM Personal Computer AT.

The initials stand for Advanced Technology and the new computer will sell here for about \$8,000. The price will include the computer, a monochrome display and enhanced keyboard. A printer and several other extras are all optional.

IBM and its distributors are already accepting orders for the AT which was launched in the U.S. about one month ago. The first computers will be arriving here in about two months time and will be adapted for Hebrew with both English and Hebrew characters on the keyboard.

Tel Aviv architect gets top U.S. award

Jerusalem Post Staff

Tel Aviv architect Arieh El-Hanani has been chosen by the American Architectural Institute as one of the world's 11 leading architects. El-Hanani today receives the institute's degree of honour from U.S. Ambassador Samuel Lewis in a ceremony at the U.S. Embassy.

El-Hanani, 85, won the Israel Prize for Architecture in 1973. He is currently overseeing the construction of the Gan Ha'ir tower in Tel Aviv, which his firm designed.

Among the projects designed by El-Hanani and his firm are the Yad Vashem complex in Jerusalem, the Bar-Ilan University buildings, and the Tel Aviv Exhibition Grounds and Yarkon Park.



In an unusual ceremony a new *Heter Iska* was signed this week at the Rabbinical Court of the Chief Rabbi of Tel Aviv-Yafo with officials of Bank Leumi. The *Heter Iska* is a halachic device which permits the taking of interest despite the original Biblical ban. The new document supplants and updates one signed 15 years ago. It covers all Leumi branches in Israel and abroad. Seated at right is Chief Rabbi Frenkel, while Leumi board chairman Ernest Japhet signs, at left. (Israel Sun)

Mutual funds continue to lag

Post Finance Reporter

TEL AVIV. — The monthly study of the performance of the 115 mutual funds that currently operate in the Tel Aviv Stock Exchange, published by the Meitav consultancy firm, highlights once again the fact that most of the funds are not providing effective investment vehicles.

According to Meitav's figures, based on the assumption that the September index will prove to be 23 per cent, only 33 of the funds achieved a real return last month, and only 32 out of 105 funds active since the beginning of 1984 are managing to stay ahead of inflation.

The majority of the "successful" funds are, not surprisingly, in the foreign-currency-investment-oriented class. The worst group of funds last month was the index-linked oriented group, which rose by less than 15 per cent over the month.

In the list of the ten most successful funds to date this year, are representatives of every type of fund — index-linked-oriented, foreign-currency-oriented, shares-oriented, mixed and flexible. This would seem to indicate that, in this difficult year for stock exchange investments, careful management can overcome the vagaries and uncertainties of the market.

Israeli firm seeks Egyptian help selling computer software to Arabs

By YITZHAK OKED

TEL AVIV. — A local computer company has developed software and hardware for a word processor programme in Arabic for micro and personal computers.

And now the company, M.L.L. is negotiating with an Egyptian firm to sell the programme to other Arab countries.

Arie Shemesh, president of M.L.L. told *The Jerusalem Post* that this is the first time such software and hardware has been available for word processors in Arabic in the small range of computers. Till now such programmes were only available in the larger mainframe computers and proved very expensive.

Shemesh explained that it was not enough to write a software programme but that it was necessary to develop a special hardware for the printer connected with a special microprocessor. This is because Arabic has 15 more combinations of characters than either English or Hebrew.

The programme was originally developed for the Israeli Arabs who purchased the small computers. But M.L.L. has since decided to try and sell to other Arab countries which have shown great interest in the programme.

M.L.L. has also received a request from Pakistani businessmen to develop a word processing programme in Urdu.

Ashdar announces 346 housing starts

By AARON SITTNER

The Ashdar Building Company has begun construction of 346 housing units in three locations in the centre of the country, it announced yesterday. The sites are Ramat Haneissi in Bat Yam, Kiryat Rishon in Rishon LeZion and Neve Ofar in South Tel Aviv.

A total of 192 flats, with three to five rooms, are going up in the Ramat Haneissi location on land Ashdar purchased from the State Lands Administration. Sales of the flats, which range in size from 75 to 120 square metres, will begin after Succot. No prices have been announced.

At the Rishon LeZion site 90 flats are going up. The two, three and four-room units are priced at \$35,000, \$40,000 and \$60,000.

The South Tel Aviv project, being built in conjunction with the Shikun Ovdim company, will offer 64 three and four-room flats. The sizes range from 75 to 92 square metres and prices vary between \$38,000 and \$45,000.

Ashdar also reported that it sold only 37 units last month, compared with 56 in September 1983. A company spokesman said, "It seems the buying spree just prior to the July elections has led to an overbought market."

He also blamed the slump on the delay in adjustment of state mortgage assistance for eligible families.

Metulla offers holiday bargains

Jerusalem Post Reporter

For the Israeli who thought he couldn't afford to get away this Succot, the Tourism Ministry has arranged a bargain holiday offer by the hoteliers of Metulla.

Offering a 40 per cent reduction, the three small hotels of the country's northernmost settlement also promise guided tours of the many nature reserves in the area and of the "Good Fence," which forms the border with Lebanon. Other attractions include a sound-and-light show and exhibition of paintings.

Prices per person in a double room are IS7,740 in the Arazim and Sheleg Halevanon hotels, and IS5,160 at Hotel Hamavri. The special rates will be in effect until the end of December.

MKs back sacked workers in Vulcan Foundry dispute

By YA'ACOV FRIEDLER

HAIFA. — The Histadrut and its industrial arm, Koor, came under heavy criticism from all sides yesterday when eight Knesset Members of all parties visited the Vulcan Foundry here for an on-the-spot study of the violent dismissals dispute there.

The factory, celebrating its jubilee this year, had been a Histadrut showpiece until Koor sold it to the private Ourdan company recently, after years of running up multimillion dollar losses.

The new management immediately fired 67 of the 380 workers despite a written agreement with the Histadrut that no more than 20 would be sacked in an efficiency trim.

The workers' spokesmen told the visiting MKs "Koor sold us out behind our backs."

Angry workers told the MKs that they had agreed to the sale to Ourdan "as the only alternative offered us to a shut-down."

After the dismissal notices were sent 40 hefty guards were at the factory to stop the workers from trying to force their way in.

But only this week the workers learned of an appendix to the agreement, by which Koor authorized Ourdan to dismiss "any number of men they would see fit." The workers appealed to the MKs to have the dismissal notices cancelled.

The Knesset Members described the sackings as "brutal, gangsterism and arbitrary."

Shulamit Aloni and Ran Cohen of the CRM, Shoshana Arbeli-Almosino, Shevah Weiss and Ya'ir Zaban of Labour, Eli Ovadya of the Likud, Shlomo Amar of Yahad and David Danino of the NRP, all agreed that the dismissals must be cancelled as a condition for negotiating the issue between management and labour. The Labour Court is to rule on the workers' appeals Friday in a week.

The parliamentarians also agreed that the Histadrut through Koor "had treated you shabbily, in violation of its own principles and ideology." They pledged their support for a redress.

At the same time they appealed to the workers to stop harassment of the 18 workers from Jenin whom they have been preventing from coming to work every morning in protest against their own dismissals.

"No good will come of it. You're playing into the hands of the management by diverting a legitimate labour grievance into Jewish-Arab lines, from which you will gain nothing." The daily incidents have already attracted foreign TV crews to the factory.

According to MK Zaban the Koor general manager, Yeshayahu Gavish, has offered to reveal the sales agreement including all "secret" clauses.

After a meeting with the MKs, management issued a statement that the Knesset Members had expressed their general support for the recovery programme together with understanding for the dismissed men.

They were "shocked" by the management report on the foundry operation in the past.

While the new management intended to raise output to 2,000 tons of cast steel annually with 270 workers within two years, in the past 500 workers had produced 200 tons.

Dozens of the sacked men had sat around without any definite jobs at all. One committee member had run an egg selling business during working hours and another worker had spent two hours daily on yoga and meditation exercises.

Foundry general manager Alexander Ferling told the MKs that the choice had been between the dismissals or closing down the plant and firing everybody.

More port workers retire

By YA'ACOV FRIEDLER

HAIFA. — The workforce at this port has dropped to below the 1,000 mark — less than one-third of the manpower employed when the Ports Authority took over from the United Port Services Company in 1968.

But within this same period the amount of cargo passing through Haifa has doubled — now totalling 5.6 million tons a year.

Port spokesman Yair Bar-Mashiah told *The Jerusalem Post* yesterday that another 35 employees had retired on Sunday — the majority on early pensions. Most of them were clerical staff and included only a few stevedores.

This brings the port's total manpower down to 950, in contrast to the 3,500 workers 16 years ago.

The retiring staff are aged be-

tween 55 and 60 and have worked in the port for more than 30 years.

To provide an incentive for early retirement the management grants pensions of three per cent per year of service, instead of the usual two per cent — up to a maximum of 69 per cent of the last salary. Most workers had already accumulated the maximum pension.

In addition every man retiring before reaching the age of 60 is granted a severance bonus of 18 months' salary, 50 per cent higher than the usual 12 months bonus. In this way the management has induced several hundred employees to give up their jobs, and they have not been replaced.

Ashdod harbour which handles almost the same amount of cargo as Haifa, employs 1,300 workers.

Self-employed group demands equality in economic package

By MACABEE DEAN

TEL AVIV. — The Chamber of Self-Employed recently demanded an equal role in any future package deal between the government, Histadrut and the Coordinating Committee of Economic Organizations, whose main member is the Manufacturers Association.

Eldad Buksan, chairman of the chamber, said at a press conference: "The self-employed are orphans in the negotiations between the main economic bodies in Israel."

"Nobody looks after our interests, so we decided to set up an organization to fight for our rights 18 months ago."

According to Buksan, the chamber consists of 17 associations, including the certified public accountants, dentists, taxi owners (not drivers), opticians, custom clearers, insurance agents, advocates, kindergarten owners, music teachers and garage owners.

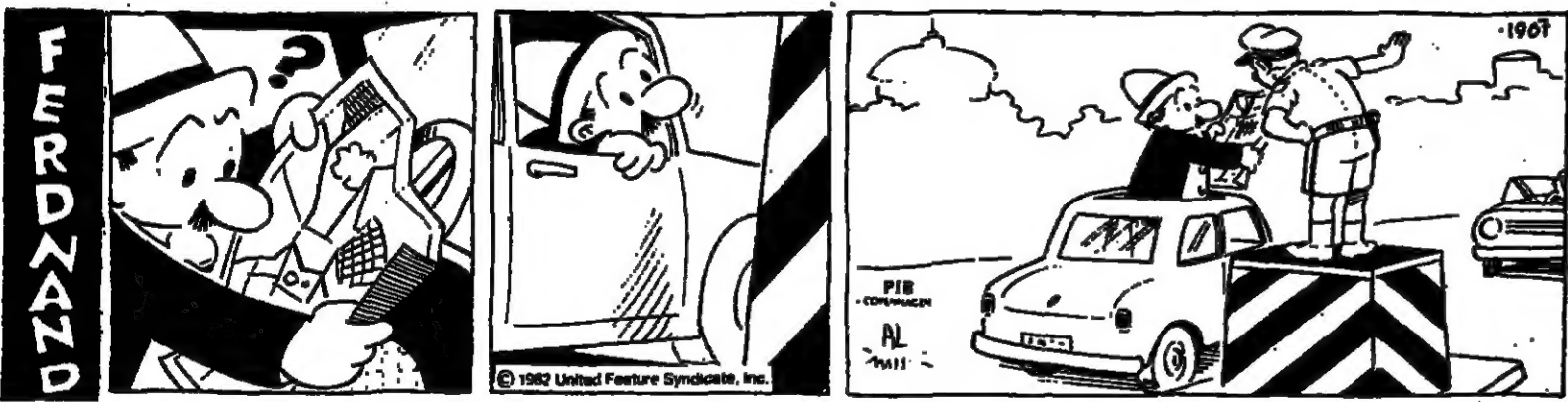
"We represent 200,000 people and provide employment to another 300,000 to 400,000," he said.

Since the chamber had not been consulted in the past about economic negotiations between "the big three," (Histadrut, government, etc.) members felt they had been forced to bear an unusually heavy load of taxes and other payments, "while earning the reputation of being both rich and tax evaders," added Buksan.

Jobless insurance

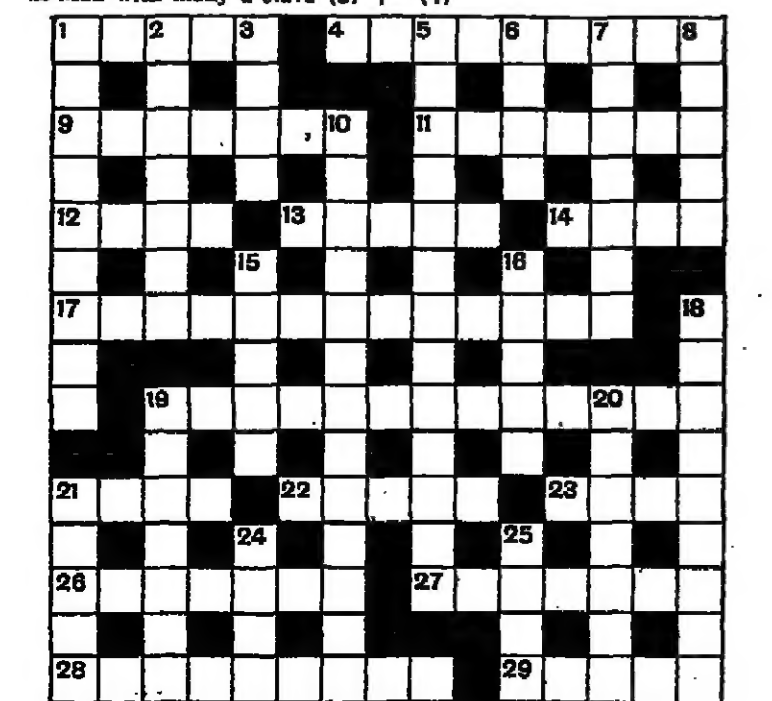
The number of approvals for receipt of unemployment insurance during September rose to 11,713 from 10,808 in August, the State Employment Service said yesterday.

Out of September's total, 1,199 were university trained persons, as against 1,211 among the August recipients.



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| 11 Purposeless advice to a gun-happy type (7) | 5 Ability needed by naval commanders or experienced ABs (7, 6) |
| 12 One of those two masters promoted from colonel (4) | 6 Charity provided by a former railway (4) |
| 13 Coach a lot of coaches (5) | 7 Fish for a boozey companion (7) |
| 14 Stable company (4) | 8 A course that requires salt (5) |
| 17 Quick as a flash (9-4) | 10 Was it once a sleepy village? (9, 4) |
| 19 Stand in or be seated (4, 4, 5) | 15 Post your pools money (5) |
| 21 Fine lines which requires regular cutting (4) | 16 Fifty one members proceed with difficulty (5) |
| 22 Race inevitably looked down on (5) | 18 News deadline (3, 6) |
| 23 Girl of five from Russia's main river (4) | 19 Notice intended for hospital visitors approaching (7) |
| 26 Victory man named in death oration (7) | 20 Cheering welcome in the freezing rain (3, 4) |
| 27 Lousy speed for a fertiliser (7) | 21 He scored off the merry widow (5) |
| 28 None cares to be disturbed by persistent echoing (9) | 24 Knock out inverted bolt-ends (4) |
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The same time they appealed to the workers to stop harassment of the management and to return to work without any further demands.

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According to Mr. Zaban the management has offered to reveal the secret of a meeting with the MKs. The management has expressed "general support for the program" together with the union for the dismissed men.

They were "hooked" by the management report on the founding of the new management to be raised to 2,000 new steel annually with 270 new staff in two years. In the past 30 years the plant had produced 200 tons of steel without any definite jobs for the community member and no selling his steel during work hours and another worker had two hours daily on the plant and station exercise.

Industry general manager Alfering told the MKs that he had been between the plant and the closing down of the plant and the workers.

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Volume continues to shrivel

Tel Aviv Stock Exchange

By PINHAS LANDAU

The stock market remained "dull, boring and lacking in interest," as one broker was quoted as saying.

Volume slipped lower in the share market, reaching the \$2 million level, or the lowest in several weeks. Total turnover in both bonds and stocks was \$12 billion, or less than \$10 billion in the previous week.

Prices were almost unchanged in the bond market, but the share market showed a different pattern.

While the overall price level was little changed, with the gain in the General Share Index traceable to the rise in the "arrangement" bank shares, the individual shares in each sector moved by quite large margins in both directions.

In short, the market is volatile, restless, and in volume terms, dormant. The general public remains totally disinterested in the state of the stock exchange, and whether the market is moving up, down or sideways seems to leave people in the same state of apathy.

Meanwhile, in the background, a broader economic policy is beginning to take shape, as last night's moves to limit imports show. The stock exchange community remains sceptical as to the efficacy of the government's moves so far, and it seems that there will be no change in this attitude until the economic statistics indicate that some of the measures are actually having a positive effect.

The fact that the present period is rich in holidays, which cause the number of trading days to shrink, is a further restraining factor. The rate of devaluation—about one per cent a day—and the availability of 20 per cent and more monthly interest at the banks, make the risk of stock market investments seem unjustified for almost all funds available for investment.

Tadiran tax-shelter issue a great success

Post Finance Reporter
TEL AVIV.—Tadiran has sold shares and bonds worth \$41 million to date, out of the \$62.5m. offered in its new R&D issue. This was announced yesterday by Yigal Neeman, the general manager of Tadiran, at a press conference at Be'er Sheva.

"We have completed the first stage with great success," he said. "The new issue started this August and is planned to continue until April 1985. However, we are confident that we will have sold the entire issue by the end of this year."

He announced that on October 7 the shares of the company (Tadiran R&D), a subsidiary of Tadiran group, will begin trading on the Tel Aviv Stock Exchange—the first time that

that exchange will have shares trading in dollar prices. Neeman stressed that the bond share "unit" will thus retain its value, unaffected by the rate of inflation in Israel.

The Tadiran manager revealed that the company is planning a second R&D "tax shelter" issue early next year. Its size will be determined by the research and development programme of the Tadiran conglomerate, but it is already clear that it will be bigger than the current issue.

The Tadiran issue is in units of shares and bonds linked to the dollar. It is being traded on the basis of a special law (known as the Elscint law) because Elscint was the first company to utilize its provisions, and, in effect, dictated the terms to

many Arab nations reacted coolly to the efforts by U.S. Assistant Secretary of State Richard Murphy to get backing for a new Middle East peace initiative. Murphy ended his nine-day Middle East tour last Saturday.

After plummeting more than 5 per cent in value to a range of 7.61 to 7.66 pounds to the dollar on what newspapers quickly dubbed "Black Monday," Lebanon's currency yesterday slid to a historic low range of 7.70 to 7.80 to the dollar.

In times of peace, the Lebanese pound traded at about three to four to the dollar.

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MARKET STATISTICS

Indices	Value	Change	% change
General Share Index	399.57	+1.14%	
Non-bank Index	276.37	+0.85%	
Bank Index	485.70	+1.36%	
Industrial	321.07	+1.68%	
Bond Index	332.02	+0.38%	

Turnovers	Value	Change	% change
Shares	15821.7m		
Bonds	151135.6m		
Totals	152717.3m		
Advances	139		
Declines	167		
of which 5%	46		
"Buyers only"	59		
"Sellers only"	21		

Bond market trends	Value	Change	% change
4% fully-linked	Rises to 3%		
3% fully-linked	Stable/Rises to 6%		
8% linked	Mixed to 3%		
90% linked	Stable/Rises to 3%		
Double-option	Mixed to 3%		
Dollar-linked	Rises to 3%		

Most Active Shares	Value	Change	% change
IDB	15500	15130.5m	+400
Mizrahi	6340	1593.7m	+145
Lumi	6685	1586.5m	n.c.

Sharpest Moves	Value	Change	% change
Modul Beton IS1	330	-179	-53.2%
Interpam op.	48	-14	-28.6%
M.G.N. op.	62.5	-17.5	-28.1%

Commercial Banks	Value	Change	% change
OHF	3700	365	-1.4%
Maritime 0.5	315	101	+32.1%
Maritime 0.1	315	101	+32.1%

Commercial Banks	Value	Change	% change
IDB	15500	15130.5m	+400
IDB A	101000	470	+0.4%
Union 0.1	11702	250	+2.1%

Commercial Banks	Value	Change	% change
Hapoalim p	15840	2	n.c.
Hapoalim p	10445	760	n.c.
Hapoalim p	10470	309	+4.7%

Commercial Banks	Value	Change	% change
Adasim B	1410	16	n.c.
Gen. Mortgage	1237	76	-3.2%
Gen. Mortgage	1265	2	n.c.

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THE JERUSALEM POST

Ari Rath
Editor and
Managing Director

Erwin Frenkel
Editor

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Acting in panic

LAST NIGHT'S government decision to ban the import of some fifty so-called luxury goods is more a reflection of panic than an economically effective policy measure.

The panic, however, is justified. With our foreign currency reserves down to little more than a month's worth of imports, economic policy can no longer rely exclusively on measures that operate indirectly through the market mechanisms. Market forces take time to work themselves out — and time has evidently run out for the economy. Direct government intervention has therefore become imperative.

That, however, would be true if the government had taken last night's steps as part of a comprehensive programme. The key elements of such a programme would be a drastic and real cut in government spending and that three-cornered freeze on wages, prices and taxes that is still being talked to death, without any positive results, so far.

Industry and Trade Minister Ariel Sharon tried at his press conference last night to ward off charges that the government's latest measures do not add up to a comprehensive and consistent economic strategy. He argued that they have to be judged in conjunction with the government's decision to cut the budget by \$1 billion and to absorb another \$500 million from the public through higher prices, the elimination of subsidies and higher fees for government services.

That argument is at best a half-truth. A considerable part of the budget cuts has remained on paper and will, at best, only become effective sometime next year. The \$300 million cut in the defence budget is a case in point: Only \$80 million of that will be cut in the current fiscal year, with the lion's share of \$220 million spread out over fiscal 1985/86 — and out of the \$80 million, half will be cut in purchases of defence products from abroad. The effect on the domestic economy will therefore be insignificant.

Moreover, the bit-by-bit measures the government has taken so far have pushed inflation up to the four-digit annual level. With an inflation of 1,000 per cent and possibly more, budget management becomes utterly meaningless. The same is soon likely to become true of what has been the linchpin of former finance minister Yigal Cohen-Orad's economic policy to which his successor, Mr. Yitzhak Moda'i, has now reverted with a vengeance — the erosion of real wages through higher inflation. With wage packets eroded at the rate of one per cent a day and, before long, even faster — how long will it take before wages have to be paid fortnightly, then weekly and then daily?

Mr. Sharon last night half-admitted that the new ban on imports will have no great effect on our trade balance. He is even more accurate than he assumes. The goods whose import is now banned are taxed very highly, so that the government will lose a dollar's worth, or more, in fiscal revenue for each dollar saved in foreign currency. With expenditures running at a rate that would have forced the government even last month to print some \$185 billion, had the public not rushed into the new dollar-linked saving schemes, it is safe to guess that the government will make up for the lost revenue by churning out more cash from the printing presses.

Mr. Sharon has appealed to the public to hold on to the money it would otherwise have spent on the goods that may no longer be imported in the next six months, and to put it into saving schemes. One must doubt whether this appeal to patriotism will have much effect. It is much more likely that most of the people, who would have bought the banned imports, will spend their money on other goods and drive up their prices. Alternatively, they may hoard foreign currency bought on the black market — foreign currency that is produced somewhere in the economy and is siphoned off from the resources legitimately available to the government and the economy.

If our economic situation is as desperate as last night's measures indicate, it will no longer do to adopt piecemeal steps which, lacking economic impact, are claimed to be good for their psychological effect. It is high time for economists and economic policy makers to leave psychology to the psychologists, and to confine themselves to what they are supposed to know — economics.

If we have reached the point where administrative intervention — always a crude, inefficient and untenable manner of economic management — has become inevitable, then last night's restrictions are not even a half-way measure. Unless the government can soon come up with a comprehensive economic programme, linked with resolute implementation, last night's dramatic clampdown on some five per cent of our total import bill will be as useful as the devaluation two weeks ago that was Mr. Moda'i's first act in office.

LIKUD THREATENED

(Continued from Page One)

poached the notion that the Liberals were about to break from Herut. They said that those calling for such a step were voicing their personal discontent at not being given positions in the national unity government. (Grupeer was agriculture minister in the previous government.)

The sources criticized Herut for its treatment of the Liberals, but said it was a mistake to think that the Likud will break up because of this.

The rumblings among the Liberals against Herut began with the dissatisfaction at the Likud's allotment in the municipal elections last year and increased with the cuts in the Liberals' list for the Knesset.

Another point of dispute is Industry and Trade Minister Ariel Sharon's intention to replace Moshe Lerer (Liberal), ministry assistant for developing areas and coordinator of government activities in Galilee, with Uri Bar-On (Herut) in his stead.

The Liberals are also fuming at Herut's appointment of Haim Kaufman as Likud coalition chairman without consulting or notifying the Liberals, who meanwhile picked

Sarah Doron for the post.

Roy Isaacowitz adds:

Levy's campaign against the finance minister received solid support yesterday from representatives of Likud-affiliated workers committees.

Herut speakers repeatedly attacked Moda'i and other Liberal ministers at yesterday's protest meeting of some 300 workers representatives, which was organized by the Likud faction in the Histadrut. At the same time, Herut speakers expressed support for Levy, a former head of the Likud faction.

The Herut attacks provoked a heated response from members of Liberal-affiliated work committees.

The keynote address was delivered by MK Yoram Aridor, a Levy ally. Avidor extolled the virtues of his dollarization plan, which he said Levy had supported. Only by linking salaries to a stable currency such as the dollar can wage erosion be stopped, Aridor said.

Most of the speakers attacked the Histadrut leadership, which, they said, had "lent a hand" to the government's recent austerity measures.

ATA

(Continued from Page One)

as "the active chairman" of Ata's board of directors — said the financial situation was so grim that the firm was cancelling export orders of between \$2 million and \$3m. because it would lose money.

He indicated that there was little hope of saving the troubled concern unless somebody was prepared to pour in \$2m.-\$2.5m. in the next two years. Even then the concern would probably continue to lose about \$1m. a month.

Levy later went to the Kiryat Ata plant, where he met the angry work-

ers. After a series of meetings lasting until late in the evening it was agreed that the works committee would meet with Ata's board of directors today to demand they pay for more cotton supplies, at least until the Industry and Trade Ministry's enquiry team puts forward a recovery programme.

Meanwhile, the heads of all the country's local labour councils, who met in Haifa yesterday, called on the Histadrut not to begin negotiations on a package deal until Prime Minister Peres guarantees continued cotton supplies for Ata.

THERE ARE many theories that attempt to explain the behaviour of governments. Among them, one of the more interesting holds that governing is a process of education of those who govern, in which they learn the facts of life and other, unpleasant truths. These could also be learned in the classroom of course, but policy-makers seem recalcitrant about not paying any tuition, and so the cost of their lessons has to be borne by the rest of us.

Accordingly, the government learned some lessons in the course entitled Austerity 101. Austerity developed a wonderful new "theory" that has yet to be discovered by any economist that says that the government can "treat" the expectations of the public and hence dampen inflation by increasing subsidies, printing money and by real appreciations of the shekel.

In exchange for a minuscule sum, any politician could have received for a course in basic economics at any Israeli university and learned why this "theory" was so much snake oil. Instead the children of Israel had to foot a bill of several billion dollars for the government's enlightenment. Indeed, some of that tuition simply went down the drain; from recent statements it appears that the father of "correct economics" still cannot pass the simplest quiz in economics.

All the omens seem to indicate that the people of Zion will be forced to continue to pick up the government's tuition bills, and bear the cost of government illiteracy in economics. In particular, the government seems intent on ignoring some basic truths on the subject of the "supply side."

THE ISRAELI economy has sunk into a deep crisis. The most disturbing of its problems is the continuing deterioration in the balance of payments and foreign reserves, and the continuing stagnation in GNP growth. There is really no debate

about what has to be done. Improvement in the balance of payments requires expansion of exports and increased substitution of domestic products for imports. Reviving growth requires a large increase in capital investment.

This is the easy part. Next comes the most important part of the course, the lesson the government has until now refused to study. It is completely impossible to improve the balance of payments or to revive growth through policy that alters demand alone. Any policy that increases export demand, lowers import demand, or increases demand for investment goods will accomplish nothing except fuelling inflation.

Why is this? Should the government decide to have a sizeable devaluation, as the new finance minister recently did (of 9 per cent), the devaluation means that exporting is more profitable, that exports earn more after the devaluation than they did before, and thus export demand increases.

Similarly, after a devaluation, imports are more expensive, and so the demand for domestic goods that may serve as import substitutes increases in tandem.

Can we conclude from the above that devaluation alone remedies the balance of payments problem? Not at all. The following statement will come as a surprising and rude awakening to our policy makers. But

it is not possible to purchase a commodity until it is first produced.

Increasing the demand by exporters for products will lead to more exports only if the resources needed to produce those products are available. Increasing the demand for domestic substitutes for imported goods will lead to reduced imports only if the resources can be obtained to produce these goods domestically.

In other words, increasing demand without any parallel steps to ensure that supply to meet this demand is possible is a bit like trying to pave a road with nothing but good intentions. It is impossible to improve the balance of payments unless the economic resources necessary to produce exports and import substitutes are released. It is impossible to revive growth unless the supply of capital goods is made possible.

SO WHERE ARE the economic resources needed to do all that going to come from? There is really only one alternative — the government budget. The budget must be mercilessly slashed to release resources that may then be employed in the productive sectors of the economy. Unless these resources are released from the governmental stranglehold there is not the slightest chance that the balance of payments crisis will be solved or that growth will recover.

A destructive spiral

By STEVEN E. PLAUT

As long as the government strives to maintain maximal control over an astronomical portion of Israel's economic resources, there is no possibility of economic recovery.

Attempts to increase the demand for exports, import substitutes, and investment without a drastic cut in government spending amount to increasing demand with no change in supply. Every bar-mitzva boy knows that increasing demand without any increase in supply does nothing but push prices upward. When the government devalues the shekel without the accompanying budget restraint, the result is simply accelerated inflation. And since no resources are released from the government bear hug, no real improvement in the balance of payments occurs.

This is the elementary lesson that Israel has been forced to learn over and over since 1962. But the government has an extremely short memory. Even the large devaluations of October 1983 have been forgotten. The new finance minister is learning his homework lessons on the economy's dead body.

During the first days of the new government there was some talk about a \$1 billion budget cut in the new fiscal year. Such a cut, if there were really any intention of carrying it out, would have been a modest, indeed somewhat cowardly step in the right direction. A budget cut four

or five times that would have made a better impression. A few days later, it turned out the government had lowered its sights to a paltry \$300 million cut, and only a glib even plans to really carry that out. Not only will resources not be liberated from the budget, but the government is proposing a whole new round of absurd tax increases.

It is important to emphasize again and again that if the government had the motivation, large budget cuts would be easier to implement than saying Jimmy Cricket. Doing away with the harmful export subsidy programme mislabelled "exchange rate insurance" would alone save almost that magic number of \$1 billion.

The government is not cutting its budget because it apparently is simply not interested in stopping inflation or in economic recovery. It is interested only in preserving maximal control over the resources of the economy and maintenance of maximal dependence on the government by every industry, every worker, every household and every factory.

The very existence of a national unity government should be the golden opportunity for revolutionary changes in the concepts behind economic policy. The government could be exploiting the fact that no significant opposition exists in the Knesset in order to liquidate the dinosaur of government control over the economy, relinquishing instruments of control, eliminating harmful bureaucratic agencies (such as the Ministry of Industry and Trade), and mercilessly cutting the budget.

But alas it appears that this government is not really interested in a recovery programme. Instead it will continue to pave the road to hell with good intentions based on increasing demand alone.

The writer teaches economics at the Technion and is associated with the Israel Centre for Social and Economic Progress.

The productivity decline

By MACABEE DEAN

annually by the Comptrollers Office. The latter also throws into bold relief all sorts of shortcomings often bordering on the criminal, in government departments.

But if the charges are clear-cut, the accusations are made in the form of a blast from a distant shotgun: the chances of any specific person being hit are very slight. But then the Comptroller does not try to hit any particular person, only the bureaucratic set-up, as if it existed independently of the civil servants running (or mis-running) it.

PRODUCTIVITY, OF COURSE, concerns all sectors of the economy, but in Israel's case, it is the industrial productivity which is of prime importance since Israel has to live by exports (and not by expanding its domestic consumer economy).

And industrial productivity has several aspects: both qualitative and quantitative.

The latter means how many persons work in the actual factories.

The number should be constantly increasing, but the exact opposite is happening. If 38 per cent of the labour force worked in 1965 in "productive fields" (this term is used in its broadest sense, referring not only to the factory, but to electricity, water, and construction fields and so on which serve the factories), the figure dropped to 34 per cent in 1975 and to 30 per cent in 1983.

Conversely, the number of employees in the "services" increased from 42 per cent in 1965, to 53 per cent in 1975, and to 58 per cent in 1983. Perhaps the fastest growing service was the financial: it rose from 5.2 per cent of the labour force in 1970 to 9.5 per cent in 1983.

As for the actual "output per labour hour in real terms," in industry, it grew by 3.1 per cent in the 1955-65 period; by 4.4 per cent in the 1965-1975 period, but only by 1.5 per cent in the 1975-1983 period.

In the latter period, Israel's increase in "output per labour hour" in industry was the lowest of any

Western country. Japan led with 7.8 per cent, followed by France, Italy, Germany, Denmark, Sweden, the U.K., the U.S. and Canada — with Canada having the lowest of the examples shown, only 2.3 per cent growth, which is still higher than that in Israel.

ISRAEL HOWEVER showed remarkable growth in another field. It is entitled "hourly compensation in real terms." Israel led with 8.8 per cent growth in 1975-1983. The next country which showed considerable increase was France, up by 3.4 per cent, which means its "compensation" was less than half of that of Israel. Other Western countries ranged from minus 0.7 per cent for Sweden to up to 2.7 per cent for West Germany.

As for "index of output per work hour in manufacturing," it was 286.9 in Israel in 1983. This is encouraging, because the Israeli produces more per hour than the Canadian, the

English, and even the American (only 200.5), but far less than the Japanese, whose index figure was 1,027.8. France comes next with 461, then Italy, West Germany, Denmark, Sweden (374).

All this helps to explain, or at least partially explain, why Japanese goods, from electronics to vehicles, are widely sold in the U.S. and Europe. The Japanese produce more.

But if the Israelis are only low average producers, they are also badly paid in industry. The Israeli earns only \$4.78 an hour (including additional compensation). This is much lower than the U.S. with \$12.26 an hour. In Canada, West Germany, Holland, Belgium, Sweden, Italy, France, the U.K., and even Japan (\$6.20 an hour) they earn more.

But many of the above countries do not have to live from their exports. Japan does. So, if a comparison is made with Japan, the Japanese worker earns about 30 per cent more per hour than does a worker in Israel, but produces about 2.5 times more in each hour.

Perhaps the last example shows why the Japanese are thriving and the Israelis are only talking about thriving.

The writer is a member of The Jerusalem Post editorial staff.

READERS' LETTERS

AMERICANS FOR A SAFE ISRAEL

To the Editor of The Jerusalem Post Sir, — Reading Mordechai Bar-On's article attacking Americans for a Safe Israel ("Attacking the left" — September 6), I was rather surprised by the author's pettiness. Unable to present any concrete facts against AFSI, Bar-On, like so many on the left, resorts to mudslinging.

With chapters in 12 cities, and with some of America's finest academicians on our board, AFSI is an organization which lists the following among its accomplishments:

Our film, "NBC in Lebanon: a study of media misrepresentation," is considered the single most effective expose of media bias.

A weekly TV show, "International Dateline," featuring important public figures.

Major demonstrations against the Reagan Administration's Middle East policies. These demonstrations were a key factor in awakening the Jewish community to the dangers of the Reagan Plan.

A series of highly-regarded studies and monographs, including one on the Breira organization. Our research helped bring about the demise of this anti-Zionist Jewish organization.

AFSI has been highly praised for its role by many U.S. Congressmen and by Israeli officials, including the present Ambassador to the U.S., and the former prime minister, Yitzhak Shamir.

AFSI was founded in 1971 by concerned Americans who were convinced that a peaceful settlement of the Arab-Israeli conflict would not be reached by Israel's relinquishing territory won in a defensive war, and that, to the contrary, retreat would bring about additional wars and endanger the survival of the State. We also believe that the existence of a strong Israel is of great importance for the security of the

United States and the free world. Bar-On may not agree with our programme, but it is hardly "diabolical" or "insignificant."

However, far more disturbing than his ignorance about AFSI is Bar-On's apparent naivety. Unfortunately his Pollyannaish view of the Arab-Israeli conflict has no basis in reality. It exists because of the attempt by the Arab states and the PLO to destroy the State of Israel. This is not a misunderstanding or a conflict over borders. It is a conflict where only one side desires peace, while the other side preaches liquidation.

Bar-On's mistaken concepts can be dangerous. By assigning equal blame to both parties, he rewards Arab aggression, undermines the Israeli people's will to resist, and sets the stage for more dangerous concessions.

History is not on Bar-On's side. The unwillingness to face reality by the so-called dovish camp in the U.S. and Israel is reminiscent of western attitudes prior to World War II. More to the point is the fact that anyone who has listened to Bar-On criticize Israel would hardly agree with him that his recent speaking tour of America was of value to Israel, or that it promoted the cause of peace.

Bar-On and Shmuel Katz returned from the United States with diametrically opposing views of the attitudes of the American Jewish community. My experience in

addressing Jewish audiences confirms Shmuel Katz's conclusions that the American Jewish community is strongly supportive of the territorial integrity of Israel and of the Israel Government.

The true feelings of the community can be best measured by the recently concluded conference of the American Zionist Federation, which represents most of the Zionist spectrum in the U.S. By a margin of about nine to one, the AZF passed a resolution affirming the right of Jews to settle in all parts of Eretz Yisrael. The conference also passed, by an equally large margin, a resolution urging member organizations to use the term Judea and Samaria rather than West Bank. The American Jewish community resents the Bar-On, Shamir, Ailonis, and Abbe Elmas who come to the U.S. and attack the policies of the Israel Government. Israel has enough enemies in this country, and these people add ammunition to the propaganda campaign against the Jewish state, a campaign which falsely depicts Israel as the aggressor and the Arabs as the innocent victims. This is why the Zionist Organization of America, AFSI and other organizations so vociferously protested the Milhem-Bar-On tour.

PETER E. GOLDMAN, Director, Americans for a Safe Israel Washington, D.C.

MOSAIC IN BLACK

To the Editor of The Jerusalem Post Sir, — Congratulations for Jeff Halper's first-rate article of September 21, "Mosaic in black." It is the first and only exposition of this subject I have ever read. It provides an enormous amount of information; and it is written as objectively as possible while not glossing over the more unpalatable aspects of these communities.

JUDITH KRAUSZ Ra'anana

WELCOME BACK

To the Editor of The Jerusalem Post Sir, — I am delighted that Carmit Guy is back on radio and TV. It was such a pleasant surprise to hear her velvety voice and to see her pleasant face with the lovely smile.

Welcome back! Now I am waiting to have Daniel Pe'er back home.

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